

**GLENN COUNTY OFFICE OF EDUCATION
WILLIAM FINCH CHARTER SCHOOL
CHARTER SCHOOL FUND**

**County of Glenn
Willows, California**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION WITH
INDEPENDENT AUDITORS' REPORTS**

June 30, 2009

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June 30, 2009

*Glenn County Office of Education**William Finch Charter School**Charter School Fund*

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

Board of Education
Glenn County Office of Education
William Finch Charter School
Willows, California

We have audited the accompanying financial statements of the William Finch Charter School Charter School Fund of the Glenn County Office of Education (the Office of Education) as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Office of Education's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the financial statements present only the William Finch Charter School Charter School Fund and do not purport to, and do not, present fairly the financial position of the Office of Education as of June 30 2009, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of William Finch Charter School Charter School Fund of the Office of Education as of June 30, 2009, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 13, 2010, on our consideration of the Office of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITORS' REPORT

Continued

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of average daily attendance is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Matson and Isom

January 13, 2010

BALANCE SHEET

*Glenn County Office of Education
William Finch Charter School
Charter School Fund*

June 30, 2009

ASSETS

Accounts receivable	\$ 128,425
Due from other governments	77,682
Due from other funds	37,594
Total Assets	\$ 243,701

LIABILITIES AND FUND BALANCES**LIABILITIES**

Overdraft in county treasury	\$ 121,179
Accounts payable and other current liabilities	29,770
Due to other funds	65,929
Total Liabilities	216,878

FUND BALANCES

Unreserved - reported in special revenue funds	26,823
Total Liabilities and Fund Balances	\$ 243,701

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN
FUND BALANCES**

*Glenn County Office of Education
William Finch Charter School
Charter School Fund*

Year Ended June 30, 2009

REVENUES	
State revenue	\$ 828,839
Federal revenue	9,717
Interest and investment earnings	796
Other local revenue	2,735
Total Revenues	842,087
EXPENDITURES	
Current	
Instruction	718,067
Instruction-related services	154,321
General administration	65,929
Transfers between agencies	48,115
Total Expenditures	986,432
Excess (Deficiency) of Revenues Over Expenditures	(144,345)
OTHER FINANCING SOURCES (USES)	
Interfund transfers in	37,594
Interfund transfers out	(8,735)
Total Other Financing Sources (Uses)	28,859
Net Change in Fund Balances	(115,486)
Fund Balances - Beginning of Year	142,309
Fund Balances - End of Year	\$ 26,823

The accompanying notes are an integral part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

The Glenn County Office of Education (the Office of Education) is governed by an elected five member board. The Office of Education operates one juvenile court and one opportunity school and special education, regional occupational, and adult education programs in Glenn County, California. The Office of Education is the sponsoring local education agency for one charter school.

The Glenn County Board of Education authorized the establishment of William Finch Charter School (the Charter School), which was created on July 1, 2004, through the authority established in *California Education Code* Section 47602 (Charter Schools Act of 1992), for the purpose of providing educational services to residents of Glenn County and contiguous counties. The Office of Education is the sponsoring local educational agency of the Charter School. Funding for the Office of Education is provided primarily from the State School Fund for local educational agencies and from local property taxes.

Accounting Policies

The Charter School accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The Charter School's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Charter School are discussed below.

Implementation of New Accounting Standards

Governmental Accounting Standards Board Statement No. 56

The Office of Education adopted the provisions of GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The statement establishes accounting and financial reporting standards for related-party transactions, subsequent events, and going concern considerations.

Basis of Presentation

Fund Financial Statements

Fund financial statements of the reporting entity are organized by funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Office of Education or meets the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type; and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The William Finch Charter School Charter School Fund is a nonmajor governmental fund of the Office of Education and is used to account for revenue received and expenditures made to operate the Charter School. The accompanying financial statements include only the William Finch Charter School Charter School Fund of the Office of Education.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the fund financial statements, governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, the Office of Education's Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The Office of Education's Governing Board satisfied these requirements.

These budgets are revised by the Office of Education's Governing Board and Office of Education Superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The Office of Education employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Cash, Cash Equivalents, and Investments

The Charter School's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

In accordance with *California Education Code* Section 41001, the Charter School maintains substantially all of its cash in the Glenn County Treasury as part of the common investment pool. The county is restricted by *California Government Code* Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes, or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. Investments in the county pool are valued using the amortized cost method (which approximates fair value) and includes accrued interest. The pool has deposits and investments with a weighted-average maturity of less than one year. As of June 30, 2009 the fair value of the county pool is 100.06% of the carrying value and is deemed not to represent a material difference. Information regarding the amount of dollars invested in derivatives with the county was not available. The county investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by *California Government Code* Section 27130. The Charter School is considered to be an involuntary participant in the external investment pool.

The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The change in the fair value of investments was insignificant during the year ended June 30, 2009, and there was no significant unrealized gain or loss on investments held at June 30, 2009.

Accounts Receivable and Due From Other Governments

Accounts receivable represent amounts due from private persons, firms, or corporations based on contractual agreements or amounts billed but not received as of June 30, 2009. Amounts due from other governments include entitlements and grants from federal, state, and local governments that the Charter School has earned or been allocated but has not received as of June 30, 2009. At June 30, 2009, no allowance for doubtful accounts was deemed necessary.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds.

Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures.

Equity Classifications**Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved with unreserved further split between designated and undesignated.

Revenue Limit and Funding in Lieu of Property Tax

The Charter School's revenue limit is received from the State's General Fund and is referred to as state apportionment. A block grant amount by grade level is multiplied by the second period average daily attendance (ADA) to derive the Charter School's state apportionment. Funding in lieu of property taxes is included with other local revenue and is allocated to the Charter School based on the second period ADA.

Revenue – Nonexchange Transactions

Nonexchange transactions, in which the Charter School receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

When both restricted and unrestricted resources are available for use, it is the Charter School's policy to use restricted resources first, then unrestricted resources as they are needed.

Expenditures and Expenses

In the fund financial statements, expenditures are classified as follows:

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

*Glenn County Office of Education
William Finch Charter School
Charter School Fund*

Governmental funds – by character

- Current (further classified by function)
- Debt service
- Capital outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers.

2. CASH AND INVESTMENTS

The following is a summary of cash and investments at June 30, 2009:

	Maturities	Fair Value
INVESTMENTS THAT ARE NOT SECURITIES (1)		
Overdraft in county treasurer's investment pool	8.37 months average	\$ (121,179)

- (1) ***Investments That are Not Securities*** A “security” is a transferable financial instrument that evidences ownership or creditorship, whether in physical or book-entry form. Investments that are not securities do not have custodial credit risk because they do not involve a transferable financial instrument. Thus, they are not categorized into custodial credit risk categories.

Credit Risk – Investments

California Government Code Section 53601 limits investments in commercial paper to “prime” quality of the highest ranking or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. The Charter School has no investment policy that would further limit its investment choices. The Charter School’s investment in the county investment pool is unrated.

Concentration of Credit Risk – Investments

California Government Code Section 53635 places the following concentration limits on the county investment pool:

- No more than 40% may be invested in eligible commercial paper; no more than 10% may be invested in the outstanding commercial paper of any single issuer; and no more than 10% of the outstanding commercial paper of any single issuer may be purchased.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

Glenn County Office of Education

William Finch Charter School

Charter School Fund

California Government Code Section 53601 places the following concentration limits on the Charter School's investments:

No more than 5% may be invested in the securities of any one issuer, except the obligations of the U.S. government, U.S. government agencies, and U.S. government-sponsored enterprises; no more than 10% may be invested in any one mutual fund; no more than 25% may be invested in commercial paper; no more than 10% of the outstanding commercial paper of any single issuer may be purchased; no more than 30% may be invested in bankers' acceptances of any one commercial bank; no more than 30% may be invested in negotiable certificates of deposit; no more than 20% may be invested in repurchase agreements or reverse repurchase agreements; and no more than 30% may be invested in medium-term notes.

Interest Rate Risk – Investments

California Government Code Section 53601 limits the Charter School's investments to maturities of five years. The Charter School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments grouped by maturity date at June 30, 2009, are as follows:

Investment	Less Than One Year
Overdraft in county treasurer's investment pool	\$ (121,179)

3. INTERFUND TRANSACTIONS AND BALANCES

Interfund Receivables/Payables

Interfund receivable and payable balances in the fund financial statements are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amounts</u>
County School Services	Charter Schools	\$ 65,929
Charter Schools	Special Reserve Special Revenue	37,594
Total		\$ 103,523

The specific purposes of the interfund balances are as follows:

County School Services Fund interfund receivable from the Charter Schools Fund to pay the Office of Education for oversight and administrative fees; and

Charter Schools Fund interfund receivable from the Special Reserve Special Revenue Fund to cover deficit spending.

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended.

Interfund transfers are as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amounts</u>
Charter Schools	County School Services	\$ 8,735
Special Reserve Special Revenue	Charter Schools	37,594
Total		\$ 46,329

Transfers are used for the following:

To move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and

To use unrestricted revenues collected in the County School Services Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

There were no transfers that were not routine or inconsistent with the activities of the funds making the transfer.

4. JOINT POWERS AUTHORITIES

The Charter School participates in joint ventures under joint powers agreements with the following joint powers authorities (JPAs): Golden State Risk Management Authority (GSRMA), Schools Excess Liability Fund (SELF), and Tri-Counties School Insurance Group (TCSIG). The relationship between the Charter School and the JPA's is such that the JPA's are not component units of the Charter School for financial reporting purposes.

The JPAs arrange for and provide property, liability, workers' compensation, health care, and excess liability coverage for their members. Each JPA is governed by a board consisting of representatives from the members. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the boards. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA. The Charter School's share of year-end assets, liabilities, or fund equity is not calculated by the JPAs. Separately issued financial statements can be requested from each JPA. Condensed financial information of the JPAs for the year ended June 30, 2008, is as follows:

	GSRMA	TCSIG	SELF
Total assets	\$ 12,165,604	\$ 28,953,582	\$ 238,680,000
Total liabilities	7,101,810	9,415,811	189,962,000
Net Assets (Liabilities)	\$ 5,063,794	\$ 19,537,771	\$ 48,718,000
Operating revenues	\$ 4,939,545	\$ 52,508,651	\$ 31,701,000
Operating expenses	4,576,212	50,950,758	22,991,000
Other income (expenses)	617,019	1,195,762	9,898,000
Excess Revenues (Expenses)	\$ 980,352	\$ 2,753,655	\$ 18,608,000

5. COMMITMENTS AND CONTINGENCIES

Federal and State Allowances, Awards, and Grants

The Charter School has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

6. RISK MANAGEMENT

The Charter School is exposed to various risks, including loss or damage to property, general liability, and injuries to employees. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. No significant reductions in insurance coverage from the prior year have been made. As described above, the Charter School participates in risk pools under joint powers agreements for property, liability, workers' compensation, health care, and excess liability coverage.

7. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

California State Teachers' Retirement System***Plan Description***

The Charter School contributes to CalSTRS, a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, Sacramento, California 95605.

Funding Policy

Active plan members are required to contribute 8.0% of their salary. The required employer contribution rate for fiscal year 2008-09 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter School's contributions to CalSTRS for the fiscal year ended June 30, 2009, were \$40,100, and equaled 100% of the required contribution.

California Public Employees Retirement System***Plan Description***

The Charter School contributes to the School Employer Pool under CalPERS, a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from CalPERS, 400 Q Street, Sacramento, California 95811.

Funding Policy

Active plan members are required to contribute 7.0% of their salary, and the Charter School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the 2008-09 fiscal year was 9.428%. The contribution requirements of the plan members are established by state statute. The Charter School's contributions to CalPERS for the fiscal years ended June 30, 2009, were \$6,465 and equaled 100% of the required contribution.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

Glenn County Office of Education

William Finch Charter School

Charter School Fund

8. FUTURE GASB IMPLEMENTATION

The GASB has issued a pronouncement that has an effective date that may impact future financial presentations. In February 2009, the GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, with required implementation for the Office of Education during the 2010-11 fiscal year. The statement establishes accounting and financial reporting standards for all governmental funds, establishes criteria for classifying fund balances into specifically defined classifications, and clarifies definitions for governmental fund types.

OTHER SUPPLEMENTAL INFORMATION SECTION

**SCHEDULE OF AVERAGE DAILY
ATTENDANCE**

June 30, 2009

*Glenn County Office of Education
William Finch Charter School
Charter School Fund*

Funded Through Block Grant	Second Period Report	Annual Report
Kindergarten	3	3
Grades 1 through 3	8	8
Grades 4 through 6	23	23
Grades 7 and 8	23	23
Grades 9 through 12	65	64
ADA Totals (All Full-Time Independent Study)	122	121

See the accompanying note to the other supplemental information.

**NOTE TO THE OTHER SUPPLEMENTAL
INFORMATION**

June 30, 2009

*Glenn County Office of Education
William Finch Charter School
Charter School Fund*

PURPOSE OF SCHEDULE

Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the Charter School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels.

OTHER REPORT SECTION



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Glenn County Office of Education
William Finch Charter School
Willows, California

We have audited the financial statements of the William Finch Charter School Charter School Fund of the Glenn County Office of Education (the Office of Education) as of and for the year ended June 30, 2009, and have issued our report thereon dated January 13, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Office of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Office of Education's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Office of Education's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Office of Education's financial statements that is more than inconsequential will not be prevented or detected by the Office of Education's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Office of Education's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Continued

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the William Finch Charter School Charter School Fund of the Office of Education are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit; and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education, the William Finch Charter School advisory committee, and management, and is not intended to be and should not be used by anyone other than these specified parties.

Matson and Isom

January 13, 2010

FINDINGS AND QUESTIONED COSTS SECTION

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

June 30, 2009

*Glenn County Office of Education
William Finch Charter School
Charter School Fund*

None.

**SUMMARY SCHEDULE OF
PRIOR AUDIT FINDINGS**

June 30, 2009

*Glenn County Office of Education
William Finch Charter School
Charter School Fund*

None.